

BUDGET 2019

DRAFT 2 November 23, 2019

Executive summary

For the consideration of our Mayor and Council, City of Lloydminster Administration is pleased to provide a second draft of the 2019 Municipal Budget. This document has been prepared through the diligent cooperation of our municipal departments, with the guidance of our residents and members of City Council.

Through development of the 2019 Draft Budget, Administration has endeavoured to align plans with Council's strategic direction, leverage federal and municipal funding programs to support critical infrastructure, attract investment and spur our local economy. In mapping fiscal priorities for 2019, Administration sought to maintain or enhance current municipal service levels while also laying foundations for a strong and sustainable future.

Lloydminster is home to a youthful, active and diverse population that holds its municipal leaders to a high level of accountability and fiscal transparency. Through our 2018 public-engagement activities, residents made clear their expectations for our municipality to provide services and amenities at the best possible value.

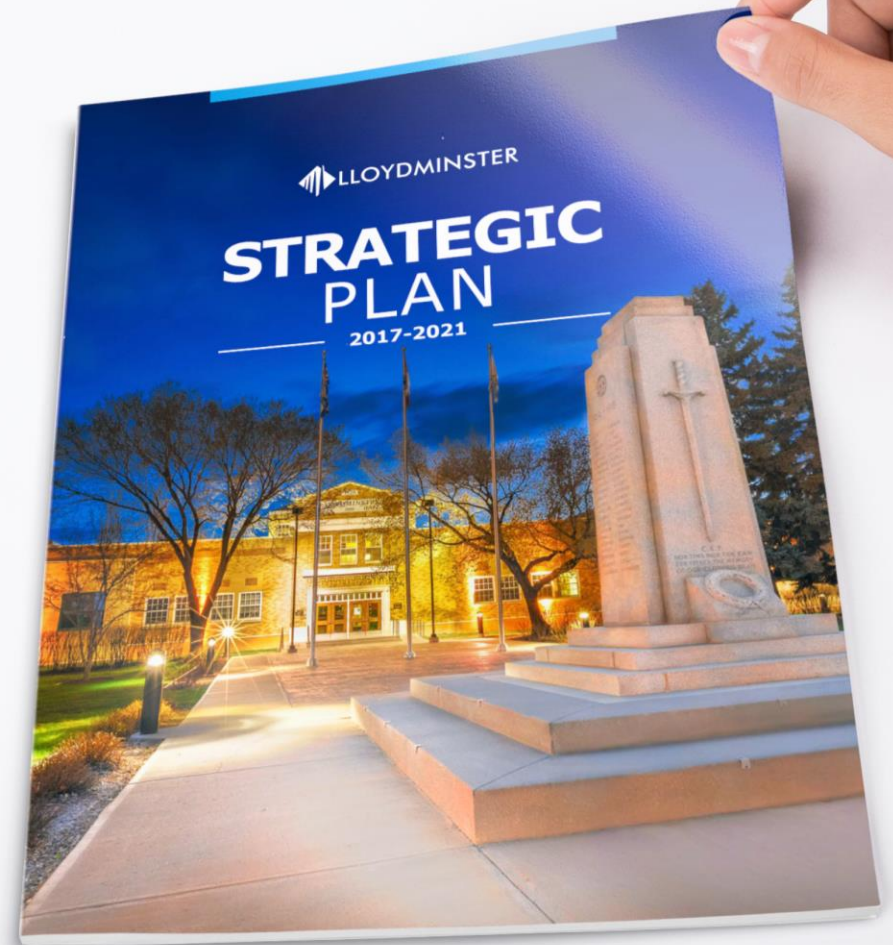
Through prudent investment in key services and amenities, our Council and Administration are building a better Lloydminster for the benefit of our current and future residents.

Our Strategic Plan

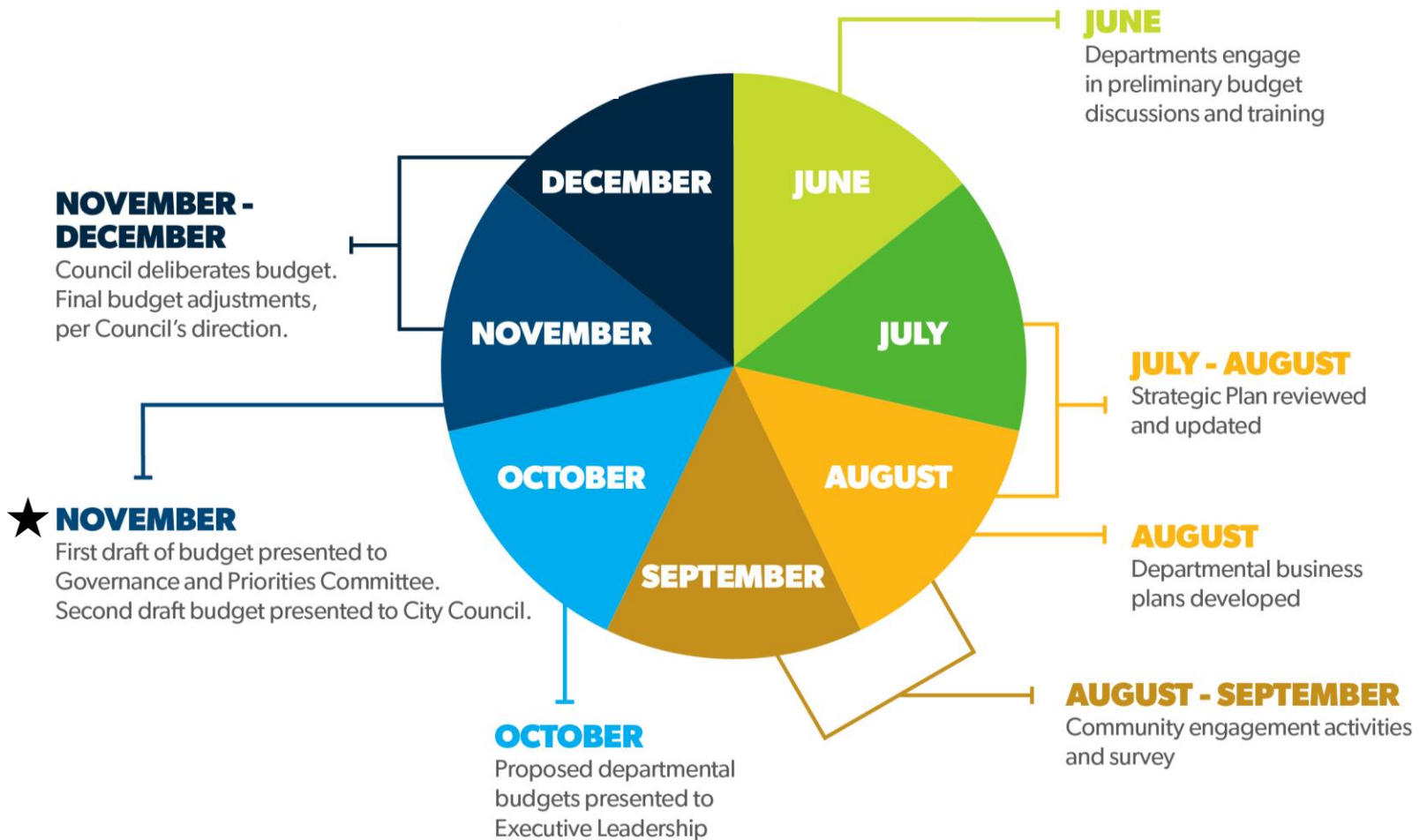
Lloydminster City Council adopted a Strategic Plan for 2017-2021 which outlines areas of strategic focus and provides clear objectives for Council and Administration.

The objectives, vision, mission and values highlighted in the Strategic Plan are reflected in the capital and operational activities in the 2019 Draft Budget.

Strategic Plan and Strategic Action Update
<https://www.lloydminster.ca/en/your-city-hall/strategic-plan.aspx?mid=649>



2019 budgeting process



Guiding principles

Collaborative budgeting to achieve shared objectives

- Deliver a balanced budget
- Maintain or enhance service levels
- Ensure lean and effective operations
- Enhance reserves and capital asset replacement plans
- Align actions with Council's Strategic Plan

Community engagement

Collecting resident input on 2019 budget priorities

Council and Administration facilitated a number of a public-participation activities in advance of the 2019 municipal budget preparations.

Activities included:

- **July 12**
Pancake breakfast Jellybean Survey
- **August 20-September 14**
Online survey
- **September 5 and 6**
Your Voice Open House events



Community engagement

Collecting resident input on 2019 budget priorities

507
completed surveys submitted

220+
comments shared

115+
face-to-face conversations with
Council and Administration

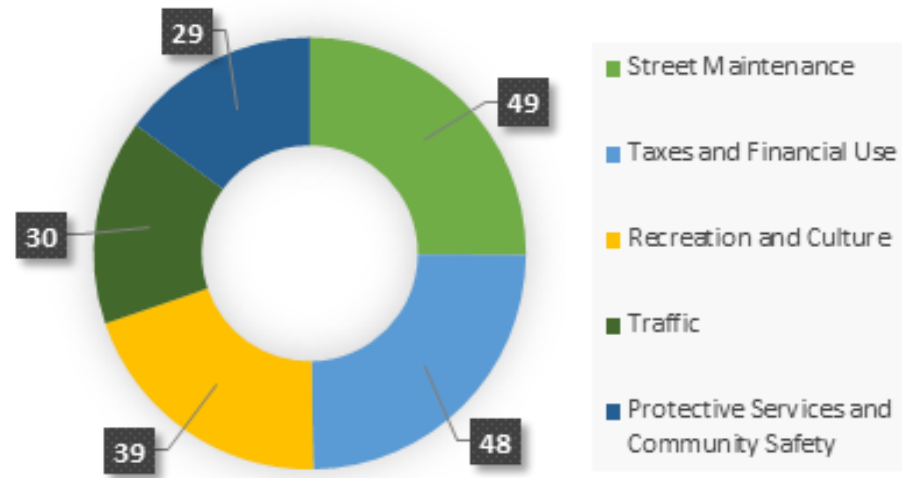


Community engagement

Residents share ideas, wants and expectations

Survey respondents consistently identified Protective Services, Taxation, Roads, Sidewalks and Water Services among their most highly-ranked municipal priorities.

Survey results available at <https://www.lloydminster.ca/en/your-city-hall/budget.aspx>



Challenges and opportunities in 2019

Catching up on reserves

City's reserve balances need to be enhanced to support fiscally responsible governance.

Provincial / federal grant funding

Limited cost-sharing with the provinces leaves City with few options to offset increased cost of operations.

Infrastructure deficit

Administration requires a defined asset-management strategy to determine an accurate picture of the City's true infrastructure deficit.

Minimal assessment growth

Assessment growth is less than 1% increase, resulting in minimal new taxable properties.

Challenges and opportunities in 2019

Wastewater treatment plant

Multi-year construction of a new wastewater treatment plant is expected to cost approximately \$80 million, with \$9 million coming from the 2019 capital budget.

Winter road maintenance

Council and Administration have heard residents wishes for enhanced winter road maintenance are exploring strategies to provide improved service value.

Public safety

The City anticipates significant cost increases to support fire-service requirements.

Challenges and opportunities in 2019

Relationships

Council and Administration continues to actively pursue opportunities to establish or build good relationships with a number of key stakeholders, including:

- Municipal ratepayers
- Community builders
- Federal government
- Provincial governments
- Regional municipal partners
- Indigenous communities and leadership
- Local businesses
- Internal client relationships (two separate collective agreements)
- Lakeland College
- School divisions



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OPERATING BUDGET

Operational highlights

- Increase municipal levy (proposed 2.7%)
 - Downtown BID removed (\$145,000)
 - LGCC operations moving in-house to support efficiencies
 - Inflationary costs (currently in salary negotiations with union)
 - Changes to structure of fire department (\$1.1 million)
 - Transportation increased to enhance winter road maintenance and includes storm water revenues put into reserves (\$1.7 million)
- Increase the contribution to reserves for taxes to be less reliant on water (\$1.1 million)
 - Increase in parks and recreation (\$400,000)
 - Increase in internal fees for to cover debenture expenses in operating versus capital
 - Reduce contribution to capital program from current year taxes (\$9 million)
 - Includes unfunded amortization expenses (\$22 million)

Operating revenues

Revenues	General operations	Utilities	Land Development	Total
Property tax	\$36,139,139	-	-	\$36,139,139
Donations	\$240	-	-	\$240
Franchise fees & concession contracts	\$6,067,903	-	-	\$6,067,903
Fine revenue & Penalties	\$1,586,300	-	-	\$1,586,300
Investment income	\$950,500	-	-	\$950,500
Licences & permits	\$1,033,814	-	-	\$1,033,814
Operating grants	\$3,671,147	\$55,600	-	\$3,726,747
Transfer from Internal Department	\$4,797,020	-	-	\$4,797,020
Transfers from reserves	\$45,000	-	-	\$45,000
User fees and sale of goods	\$6,633,639	\$24,503,472	\$2,178,000	\$33,315,111
	\$60,924,702	\$24,559,072	\$2,178,000	\$87,661,774

Operating expenses *(municipal only)*

Expenses	General operations	Utilities	Land Development	Total
Bad debt	-	\$60,000	-	\$60,000
Bank charges	\$91,190	-	-	\$91,190
Contracted services	\$16,532,643	\$2,957,200	\$280,922	\$19,770,765
Cost of sales	\$54,000	\$390,000	\$850,259	\$1,294,259
Goods, materials, repairs	\$2,526,344	\$925,654	\$800	\$3,452,798
Interest on long-term debt	\$785,802	\$193,082	-	\$978,884
Principal debt payments	\$1,583,957	\$634,405	-	\$2,218,362
Salaries, wages, benefits	\$26,833,198	\$3,520,148	\$134,448	\$30,476,742
Transfer to individual organisations	\$1,852,965	-	-	\$1,852,965
Transfer to internal departments	\$4,797,019	-	-	\$4,797,019
Transfer to capital budget	\$8,595,137	-	-	\$8,595,137
Transfer to capital asset replacement reserve	\$460,000	-	-	\$460,000

Operating expenses *(municipal only)*

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Expenses	General operations	Utilities	Land Development	Total
Transfer to storm water reserve	-	\$1,686,428	-	\$1,686,428
Transfer to utility reserve	-	\$2,360,636	-	\$2,360,636
Transfer to public safety reserve	\$180,000	-	-	\$180,000
Transfer to operating reserve	\$2,244,280	-	-	\$2,244,280
Transfer to land development capital	-	-	\$910,731	\$910,731
Utilities	\$4,459,283	\$1,688,467	\$840	\$6,148,590
	\$70,995,818	\$14,404,970	\$2,178,000	\$87,578,788
Operating budget surplus (deficit)	\$(10,071,117)	\$10,154,102	-	\$82,986

Net Operating budget 2019

Description (Operating)	2018	2019	Variance	Impact to bottom line
Property Taxes	\$(35,456,612)	\$(36,466,939)	\$1,010,327	Decrease
General Revenue	\$(8,513,604)	(9,305,403)	\$791,799	Decrease
Transfers reserves /capital program	\$18,854,859	\$11,255,137	\$7,599,722	Decrease
Council	\$606,826	\$541,051	\$65,775	Decrease
Office of City Manager / ELT	\$1,851,247	\$2,357,911	\$(506,664)	Decrease
Legislative Services	\$1,745,720	\$1,880,938	\$(135,218)	Increase
Finance & IT	\$2,428,085	\$2,431,672	\$(3,587)	Increase
Communications	\$1,006,798	\$994,956	\$11,842	Decrease
ER/Training/Safety	\$1,184,318	\$1,157,321	\$26,997	Increase
Engineering/GIS	\$1,523,886	\$1,313,902	\$209,984	Increase
Planning and Development	\$1,277,950	\$934,262	\$343,688	Decrease
Economic Development	\$121,125	\$265,394	\$(144,269)	Increase
Land Development	\$(229,972)	\$(160,641)	\$(69,331)	Decrease

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Net operating budget 2019

Continued from Page 17

Description (Operating)	2018	2019	Variance	Impact to bottom line
Protective services	\$8,953,727	\$11,973,765	\$(3,020,038)	Increase
Transportation	\$6,917,264	\$11,188,577	\$(4,271,313)	Increase
Water/WW/solid waste	\$(11,727,820)	\$(10,154,101)	\$(1,573,719)	Increase
FCSS/community programs	\$381,176	\$309,651	\$71,525	Decrease
Cemetery	\$17,726	\$(59,579)	\$77,305	Decrease
Parks & recreation	\$7,232,036	\$7,330,094	\$(98,058)	Increase
LCSC	\$ 714,501	\$808,441	\$(93,940)	Increase
Third-party asks	\$1,214,212	\$1,298,027	\$(83,815)	Increase
Legacy Centre	-	\$22,578	\$(22,578)	Increase
Building maintenance	\$(103,997)	-	\$(103,997)	Increase
	\$(549)	\$(82,986)	\$(82,437)	



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CAPITAL BUDGET

Capital highlights

Wastewater treatment plant

- \$9,000,000 in 2019 (*carryover*)
- Approximately \$80,000,000 project total
- Federal / provincial / municipal cost share

Drainage channel improvements

- \$5,179,000

Street improvements and rehabilitation work

- \$6,673,000

Water and wastewater replacement

- \$3,255,000

Airport runway rehabilitation

- \$5,790,300 Grant funded

Martin Brown School demolition and area concept plan

- \$350,000

2020 Summer Games

- \$500,000 (*City contribution*)

Traffic-control and coordination upgrades

- \$796,000

Capital by department 2019

Department	2019
Information Technology	\$264,900
Engineering	\$30,227,409
Public Safety	\$756,933
Transportation Services	\$7,552,274
Environmental Services	\$2,988,323
Parks	\$422,000
Building Maintenance	\$542,000
Land Development	\$950,000
Recreation & Culture	\$3,645,119
Administration	\$120,000
Planning & Development	\$390,000
Economic Development	\$350,000
Total	\$48,208,958

Capital budget 2019

Funding Sources	2018	2019	Variance
Capital grants	\$27,113,167	\$22,332,547	\$(4,780,620)
Transfer from capital reserves	\$5,277,622	-	\$(5,277,622)
Prior year funds	-	\$14,497,969	\$14,497,969
Land sales	\$1,040,617	\$936,240	\$(104,377)
Equipment trade-in value	\$250,000	\$50,000	\$(200,000)
Other funding sources	-	\$315,000	\$315,000
Transfer from operating revenue	\$18,143,450	\$9,055,137	\$(9,088,313)
Transfer from water reserves	-	\$2,360,636	\$2,360,636
Transfer from storm sewer reserves	-	\$1,685,936	\$1,685,936
	\$51,824,856	\$51,233,465	\$(591,391)

Capital Budget 2019

Description (capital)	2018	2019	Variance
Capital projects carried forward	\$19,933,326	\$28,969,883	\$9,036,557
New capital projects	\$29,799,762	\$19,239,075	\$(10,560,687)
Debenture	\$2,101,768	-	\$(2,101,768)
Transfer capital replacement policy	-	\$460,000	\$460,000
Contribute to capital reserves	-	\$2,564,507	\$2,564,507
	\$51,834,856	\$51,233,465	\$601,391

Capital Budget 2019

Potential allocations for Council consideration	\$2,564,507
Targeted capital infrastructure	(\$2,000,000)
Capital asset replacement	(\$564,507)

MSI Capital Grant

\$2,848,906 (2018)

\$3,060,000 (estimated 2019)

\$5,908,906



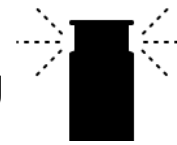
Street improvements

\$3,000,000



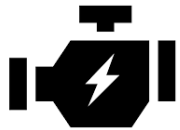
Traffic signals timing coordination hardware repair

\$725,000



LGCC irrigation system upgrade

\$336,000



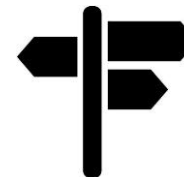
Airport generator

\$200,000



Water and sewer replacement

\$1,397,906



Entrance signage

\$250,000

AB FGT Capital Grant



Street improvements

\$1,090,000

SK FGT Capital Grant

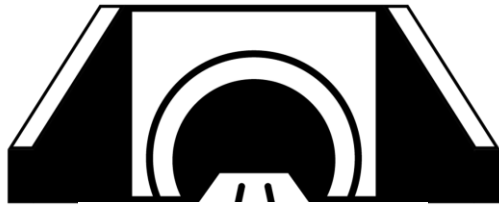


Water and sewer
replacements

\$611,727



AB Community Resilience Program Grant



Drainage channel improvements

\$2,681,640



Builds Canada Small Communities Grant

\$6,000,000

Engineering – Wastewater Treatment Plant Phase 1 (Design)

\$3,000,000 Federal Infrastructure Canada, New Building Canada Fund – Provincial Territorial Infrastructure Component, Small Communities Fund.

\$3,000,000 Alberta, Federal Infrastructure Canada, New Building Canada Fund – Provincial Territorial Infrastructure Component, Small Communities Fund.

\$3,000,000 Lloydminster Municipal Sources, Offsite Levies/Reserves



Transport Canada Grant



Airport Runway
Rehabilitation Grant

\$5,790,274



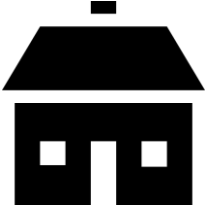


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PROPOSED BUDGET IMPACTS

Residential impact



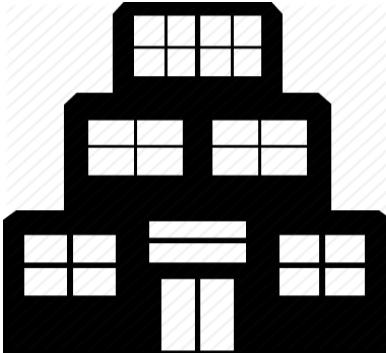
Based on 2.7% municipal tax increase.

Assumes no changes in assessed market value or school taxes.

Residential	 Value of \$250,000	 Value of \$350,000	 Value of \$500,000
2018	\$1,589 municipal \$831 school <hr/> \$2,420 taxes	\$2,225 municipal \$1,163 school <hr/> \$3,388 taxes	\$3,178 municipal \$1,662 school <hr/> \$4,840 taxes
2019	\$1,632 municipal \$831 school <hr/> \$2,463 taxes +\$43	\$2,285 municipal \$1,163 school <hr/> \$3,448 taxes +\$60	\$3,264 municipal \$1,662 school <hr/> \$4,926 taxes +\$86

Commercial impact

Based on 2.7% municipal tax increase.
Assumes no changes in assessed market value or school taxes.

Commercial	 Value of \$500,000	 Value of \$1,000,000	 Value of \$1,500,000
2018	\$5,721 municipal \$2,159 school <hr/> \$7,880 taxes	\$11,442 municipal \$ 4,319 school <hr/> \$15,760 taxes	\$17,163 municipal \$6,478 school <hr/> \$23,640 taxes
2019	\$5,875 municipal \$2,159 school <hr/> \$8,035 taxes +\$154	\$11,751 municipal \$4,319 school <hr/> \$16,069 taxes +\$309	\$17,626 municipal \$6,478 school <hr/> \$24,104 taxes +\$463



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SUMMARY AND NEXT STEPS



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Summary

The second draft of our 2019 Draft Budget proposes a residential/commercial property tax increase of 2.7 per cent, which allows the City of Lloydminster to keep pace with inflationary costs, sustain service levels and continue to build important operational and capital reserves.

Administration anticipates reviewing the Budget after receipt of the Provincial Grant allocations and School Requisitions in March of 2019.



lloydminster.ca